



Pacific Operations Update

Simberi, Papua New Guinea

The Company advised in February 2014 that performance at Simberi in the March 2014 quarter had been hampered by poor mining performance and delays in ramping up the new processing circuit.

A review of Simberi has been undertaken by the Managing Director and CEO, Tim Lehany and recently appointed Simberi General Manager, Tim Richards. The technical issues at Simberi are well understood and a corrective program of work is underway with only minimal additional capital required.

Additional low-hour used haul trucks are being procured to lift fleet reliability. The first three trucks arrived at the mine this week, with approval to source a further nine for a total investment of A\$2M. A number of rebuilds of key mining equipment are also scheduled.

The recently completed processing plant expansion, designed to lift ore throughput from 2 Mtpa to 3.5 Mtpa, requires significant debottlenecking and optimisation work to achieve nameplate performance. A scope of work has been clearly defined and a punch list of rectification work is being closely managed. Focus areas are:

- Stockpile reclaim apron feeder
- SAG mill trash screen
- SAG mill cyclone cluster
- Adsorption circuit inter-tank screens

Gold production for the March 2014 quarter will be modest at around 11,000 ounces, with production for FY14 estimated to be between 45,000 and 50,000 ounces. Simberi is now expected to be cash positive by the month of December 2014. An annualised production rate of 90,000 to 100,000 ounces is anticipated to be achieved by March 2015. Unit cash operating costs for FY14 are expected to be between A\$1,850 and A\$1,950 per ounce.

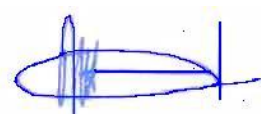
Mr Lehany commented: "The delay at Simberi is very disappointing, but the ramp up to 3.5 Mtpa will be achieved. The substantial capital spend is behind us at Simberi and, once this rectification work is completed, I am confident that Simberi will be a valuable long-term asset."

Gold Ridge, Solomon Islands

The previously announced strategic review of Gold Ridge is continuing with the key objective of containing the cash investment required from St Barbara Limited. A number of strategic options continue to be assessed.

A key focus to improving the viability of Gold Ridge Operations is to lift the metallurgical recovery of gold from refractory ore. Metallurgical testwork continues and is due to be completed by June 2014. This work will better define refractory ore processing solutions and costs.

Constructive discussions with the Solomon Islands Government in relation to potential areas for government support are continuing.



Ross Kennedy

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